

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division

G. RUSSELL WARNICK,

and

LATONYA S. MALLORY
Appellants,

v.

Civil Action No. 3:16-CV-876
Civil Action No. 3:16-CV-877

RICHARD ARROWSMITH, AS
LIQUIDATING TRUSTEE OF THE
HDL LIQUIDATING TRUST,
Appellee,

LECLAIRRYAN, A
PROFESSIONAL CORPORATION,
Intervenor-Appellee.

ORDER

This matter comes before the Court on three issues. First, G. Russell Warnick and LaTonya Mallory appeal the Bankruptcy Court's October 14, 2016, order (the "Approval Order") and accompanying memorandum opinion (the "Approval Opinion") approving the settlement agreement between Health Diagnostic's Laboratory, Inc. and LeClairRyan, P.C. (the "Settlement"). Warnick also appeals the Bankruptcy Court's decision to exclude the demand letter (the "Demand Letter") that Richard Arrowsmith sent to LeClairRyan to begin settlement negotiations. Second, Warnick has moved under Federal Rule of Bankruptcy Procedure 8009 for this Court to accept the Demand Letter under temporary seal. (Dk. No. 13.) Third, Arrowsmith has moved to dismiss both appeals. (Dk. No. 28.) The Court held a hearing on these matters on May 11, 2017.

For the reasons stated in the accompanying Opinion, the Court DENIES Arrowsmith's motion to dismiss.

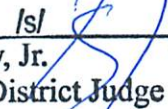
The Court also AFFIRMS the Bankruptcy Court's Approval Order and its decision not to admit the Demand Letter into evidence. The Court therefore DISMISSES the appeals. To resolve any doubt, the Bankruptcy Court's Approval Order does not pre-adjudicate the applicability of Virginia Code § 8.01-35.1 to any claims that the appellants or anyone else may one day bring against LeClairRyan. The Approval Order also does not release any claims held by the appellants individually against LeClairRyan.

The Court also GRANTS Warnick's motion to accept the Demand Letter under temporary seal and DIRECTS the Bankruptcy Court to forward the letter to this Court. The Court further DIRECTS the Clerk to unseal the Demand Letter upon receipt.

It is so ORDERED.

Let the Clerk send a copy of this Order to all counsel of record.

Date: July 14, 2017
Richmond, VA



John A. Gibney, Jr.
United States District Judge